

**TIGARD WATER DISTRICT
BOARD OF COMMISSIONERS**

Serving the Unincorporated Area

**Tigard Water District – Auditorium
8777 SW Burnham St., Tigard**

**Monday, January 22, 2007
7:00 p.m.**

Members Present:	Beverly Froude, George Rhine, Janet Zeider, Marc Delphine (arrived 7:02 p.m./excused 7:39 p.m.) and Charles Radley
Members Absent:	None
Staff Present:	Dennis Koellermeier and Joy Koss
Visitors:	Kenneth Elkington and David Conachan (observers from Tigard High School)

1. Call to Order, Roll Call and Introductions

The Tigard Water District meeting was called to order by the Chairperson Froude at 6:59 p.m. All board members were in attendance.

2. Approval of Minutes – October 23, 2006

Commissioner Zeider motioned to approve the October 23, 2006 minutes, Commissioner Rhine seconded the motion and the board voted unanimously to approve the minutes.

3. Visitors Comments - None

4. Update on Joint Meeting with Intergovernmental Water Board, Tigard and Lake Oswego City Councils – Koellermeier

A joint public meeting of the Intergovernmental Water Board, and Tigard and Lake Oswego City Councils was held in early November. The Lake Oswego City Council did not realize how close to capacity their water system was operating. Since that time, they have completed their annual goal setting session and their number two goal is to resolve this water issue. The groups agreed to meet again.

Dennis Koellermeier and the City Engineer from Lake Oswego presented to the West Linn City Council an overview of this project, pros and cons, and issues they will have because the Lake Oswego Treatment Plant is located in the City of West Linn.

In preparation for a group follow-up meeting (to be held sometime in late April and hosted in Tigard), the next steps for this project will be to complete some additional technical data, refine cost data, present major findings and answer questions raised by Tigard and Lake Oswego City Councils.

5. Canterbury Property Discussion – Koellermeier

Mr. Koellermeier stated this topic has been discussed historically and he thinks it now has reached the proposal stage for resolution. The timeline driver of this issue is the City of Tigard budget process. If the City of Tigard budgets to make this park and improvements, it would like to do it next year. Mr. Koellermeier reported he has started to put budget numbers together. He needs to know if this is going to be a viable project and what the costs are going to be so he can incorporate them into future budget activity.

The Tigard Water District (TWD) board asked for a legal opinion on how to deal with this issue. The board received a letter from two consulting engineers that generally says this property should be considered surplus. It is not needed for future reservoir or water use, with the possible exception of an additional ASR well.

The TWD board has an agreement allowing easement to the Tigard House, a historical facility, on the corner of the Tigard Water District property. That agreement needs to be updated because the group that manages the Tigard House has changed names. They need to modernize their agreement. Instead of bringing it before this board, Mr. Koellermeier said he is slowing that process down until the final disposition of this property is determined. Does it make more sense for this property to continue to operate between the Tigard Water District and the Tigard House group or, moving ahead, should the Tigard House be part of the park and then the agreement would be executed with the City of Tigard. This is another outstanding issue that would be resolved.

Mr. Koellermeier displayed a map of the site depicting the surplus property. The legal opinion indicates that the decision-making body for the property sale is actually the Intergovernmental Water Board (IWB). The IWB has discussed the issue and decided each member should consult the group they represent before weighing in on the matter.

Mr. Koellermeier summarized his view of the IWB meeting, indicating there were two issues for the representatives to take back and talk to their boards about: 1) Should the IWB dispose of the property and 2) How would the money be dealt with. The proposal would be for the City of Tigard to acquire this parcel. After the IWB discussion, Mr. Koellermeier stated some IWB members had reservations about the current agreement which would allow the City of Tigard to acquire this site for free. He indicated he would be comfortable suggesting to the City of Tigard Council, if the boards want to move ahead with this, that the right way to proceed would be to pay the various members their proportional interest in the property. The IWP discussed what to do with the money. Mr. Koellermeier then turned to Commissioner Rhine for him to present his view of the IWB meeting.

Commissioner Rhine indicated Mr. Koellermeier summed up the IWB meeting very well. The following highlights are from Commissioner Rhine's recap:

- Is this site really surplus? If it is surplus, how should it be disposed of in an equitable manner for all parties? If funds are involved, how do we treat the funds?
- There was a strong feeling that the assets of the water supply system ought to be constant. If land assets are sold, the proceeds should be allocated for future water system improvements.

- No one thought it was a bad idea to make it a park. How should it be done? The general feeling was it ought to be some kind of equitable thing for all the parties, not just benefit the City of Tigard.
- Tigard Water District's name is on the deed, but the property is pledged to the whole system.

Commissioner Rhine stated he did not want to make a decision until the TWD board discussed the property sale. He will represent the TWD board at IWB. This issue is IWB's decision. It is not a question of having to go out and try to satisfy all people, but they did want to at least get some input. King City and Durham City Councils are also supposed to provide input.

Mr. Koellermeier said he has given this issue some thought and research. He wanted to add that he and the Chair have had at least two discussions about this whole process and the issue is how to come up with a process that is win/win. The goal is to avoid an adversarial relationship on what should be a good news story that another park will be built in the community. To that end, Mr. Koellermeier sketched out the following process in order for the IWB to dispose of the property:

- Agree on surplus property boundaries.
- Have the surplus property appraised at fair market value for the highest and best use.

In response to a question from Commissioner Radley, Mr. Koellermeier confirmed the property is zoned residential. Commissioner Radley then asked about the density and Mr. Koellermeier responded that he thought it was single-family residential and that zoning would support nine or ten houses. There was further discussion among the board members about zoning.

- Have the appraiser do comparables and come back with a recommendation of what the property is worth.

Commissioner Delphine asked if this would ever go to the voters. Commissioner Radley responded that he did not think it had to go to the voters and indicated voters are free to file a petition for a ballot measure. Mr. Koellermeier said that there was no legal requirement to put this decision before the voters. It could be initiated by the IWB or voter referendum.

Mr. Koellermeier continued sketching out the process as follows:

- The agreement that formed the IWB establishes a formula to determine which member owns what percent of an asset. The City of Tigard owns about 60 percent and the other 40 percent is distributed amongst the other partners, with the Tigard Water District being the second largest owner.

Commissioner Radley looked at the Intergovernmental Agreement and clarified that the formula is determined by a percent of current consumption, percentage of current real market value and percentage of current meters. Mr. Koellermeier concurred and said the numbers have changed within a percentage or two from the original numbers.

- The City of Tigard needs to pay the various partners for their portion of the asset, which is going to be around 40 percent of the appraised value.
- The City of Tigard Parks Department would pay the City of Tigard Water Capital Improvement Fund for the City's share of the asset. A minor partition would be executed.
- The TWD board would initiate a new deed for the surplus property.

Commissioner Rhine concurred with Mr. Koellermeier and added that the general feeling was that the other participants would also have their funds go to the Water Capital Improvement Fund. The monies would be used for future expansion of the water system.

Commissioner Rhine indicated the IWB agreement states if there was growth, that the costs be shared by all parties. Mr. Koellermeier added the current arrangement does not differentiate where water funds are spent; water customers have the same rates. That's really a condition of the system and the needs at the time. Commissioner Froude indicated she was just looking at the possible negatives and commented the Durham representative for IWB was only interested in putting money back into the system. Mr. Koellermeier thought that was best because members of the IWB do not have separate accounts in the water system – it operates as one big entity.

As to Commissioner Radley's idea that Tigard Water District would be custodian of those funds, Mr. Koellermeier indicated he would have to give that a little more thought. He could see how the other members might not think that is right, in that they do not have a vote or control over the TWD's budget. In Durham and King City's case, while their percentages are small, they have an interest in the assets they got in the 1993 agreement and might have questions if all the proceeds were put into one member's account.

Commissioner Radley asked if the Tigard water fund was like a locked box. Mr. Koellermeier indicated the water utility operates what is called an enterprise fund and by definition it can only be used for operation of that utility. It is a self-standing, self-supporting operation. It currently has no debt. It is regulated by state law.

Commissioner Froude referred to Mr. Balfour's opinion about how the City of Tigard dealt with Menlor, the Clute property, and the extra land. Mr. Koellermeier indicated the difference between the Menlor and Clute properties is that the Clute property was purchased after the IWB was formed. Any future asset purchased is a system asset. The Clute property was bought to solve an access issue.

Mr. Koellermeier's recommendation to all the boards and the City Council is go with Canterbury's last appraisal price. This appraisal is a couple years old, but there is not enough change in value to pay for a new appraisal. The Parks Fund buys the asset from the Water Fund and the money goes into the Water Capital Improvement Fund. Commissioner Rhine asked if the Parks Department and the Water Department maintain an arm's length relationship. Mr. Koellermeier responded that financially the departments have.

Mr. Koellermeier clarified the process. The surplus property boundaries should be determined first and then the property appraised. The proposal is that the City of Tigard will pay other TWD members their proportionate share of that appraisal. Commissioner Rhine commented that the City of Tigard would need to pay its portion also. The City of Tigard's share needs to go through a financial transaction, truly making it an arm's length relationship. It will be an IWB decision on how to handle those assets, but Commissioner Rhine's feeling is the funds will be held in abeyance for future capital improvements.

(Commissioner Delphine was excused from the meeting.)

Commissioner Radley expressed his concern about putting total reliance on the appraisal of one individual appraiser. Since this is a public asset, he wondered if it was worth getting a couple of appraisals. Mr. Koellermeier indicated an appraisal will cost approximately \$3,000. What he has experienced in buying other park lands is the seller and buyer would mutually agree to an appraiser. Mr. Koellermeier suggested the IWB be given a list of names of appraisers and let them see if they can mutually agree on one. The TWD board could hire an appraiser. Commissioner Froude thought Commission Radley's point was valid and suggested to Commissioner Rhine that it be brought up at the next IWB meeting.

The board and Mr. Koellermeier agreed a motion was not required.

6. Water Supply Update – Dennis Koellermeier

Mr. Koellermeier stated he had previously talked about Lake Oswego. The timing of the Hagg Lake dam raise option is still July.

For the first time in the history of Tigard, both ASR wells are being charged at the same time. Most of the water being injected into the ground is non-contract water from Portland at the rate of 20 cents a hundred gallons. Mr. Koellermeier indicated the issue he pushed the hardest in the Portland negotiation was posturing the contract in such a way to get inexpensive water in the winter. There was no logic for us to get cheap water in the summer, but there is logic in the winter when it is surplus. The City of Tigard is probably going to be the only wholesale customer that can really exercise that right in the ten years of this contract. Mr. Koellermeier also reported several minor improvements are working their way through the system, such as pumps being changed out.

The design level for the Price property reservoir is at 35 percent and the land use process will start next month. In response to a question from Commissioner Froude, Mr. Koellermeier indicated 20-25 people (mostly neighbors) attended the local meeting. People are glad to hear there will be a park. No one wants to live through the construction of a reservoir, but they realize that is the price of having a park. Permitting of street improvements is now in the hands of Washington County. The City of Tigard will have to find out what the conditions of approval are going to be for Bull Mountain Road. Mr. Koellermeier indicated he would bring a color rendering of the project to the next meeting. In response to Commissioner Rhine's question about the elevation of the Price reservoir, Mr. Koellermeier said the overflow will be 555 feet, which means ground level is about 560 feet.

In response to a question from Commissioner Froude, Mr. Koellermeier said the reservoir would take up about half of the site. The site will be tested for an ASR well before the reservoir is built. If it tests positive, the reservoir will be built first, then the park, and then a corner of the property will be fenced off to drill an ASR well. The result will be three major public uses for the 2 ½ acres.

Commissioner Radley asked why the ASR well would be built after the park. In response, Mr. Koellermeier said the concept is to drill the hole, set the casing and then cap it until the reservoir is done. Only a small piece of the property is required for the ASR building and pump station. The intention is to drill the hole and get the casing in place to protect the geology early so as not to damage the ground during excavation of the reservoir. The plan is to get the reservoir built, get the park operational so people can enjoy it and then come back the following year with the ASR well.

In response to a question from Commissioner Rhine about the reservoir's capacity, Mr. Koellermeier said it will be 3 ½ million gallons. Commissioner Froude asked if the reservoir would help with rates. Mr. Koellermeier responded it doesn't do that, but it does remove about half of the demand on the High Tor system. The pinch is in pump run times and more storage is needed in that elevation. In response to a question from Commissioner Froude about pressure, Mr. Koellermeier said pressure will probably be the same, with a minimum pressure target of 35 pounds and a maximum pressure of 110 pounds. The system is designed so that anything that goes over that, at the neighborhood level, will be handled with pressure reducing valves to reduce high pressure. The low pressure is a function of elevation and the reservoir and ties will be built at such an elevation to always have that minimum pressure.

In response to Commissioner Froude's concern about keeping the public informed about this project, Mr. Koellermeier indicated a communication plan was being prepared for this project. Mr. Koellermeier wants to keep the project in the public eye.

In response to a question from Commissioner Radley about the energy study, Mr. Koellermeier indicated there have been two energy upgrades to the water system. Both of them dealt with the replacement of inefficient pumps with more energy efficient pumps. Both energy upgrades were funded 100 percent by the Energy Trust of Oregon. Mr. Koellermeier indicated a report would be put in the next packet on that issue. Two other issues currently being worked on are sustainability and fuel. Mr. Koellermeier said he would also put a memo in the packet that deals with biodiesel fuel.

Commissioner Froude asked if Public Works would be monitoring the fluoride issue at the legislature. Mr. Koellermeier indicated that is constantly being monitored and continued to say the City of Tigard increased its legislative presence this year. Issues are being monitored with the legislature at the City level and specific water issues with professional groups such as AWWA and Oregon Association of Water Utilities. During the legislative session, Mr. Koellermeier will provide updates. Commissioner Froude commented updates need to be announced in the City's newsletter so the public knows that Mr. Koellermeier is aware of an issue.

7. IWB Update – George Rhine/Janet Zeider

No discussion took place on this topic.

8. Discuss 2007 Annual Conference – Special Districts Association of Oregon

Mr. Koellermeier asked if any board members were interested in attending this conference being held February 8 through 11 in Corvallis. He indicated money had been budgeted for one or two members to attend. He pointed out most of the issues on the agenda were general governmental issues, rather than water specific issues.

Commissioner Froude said the board continued membership with this organization for insurance reasons. She indicated no one has ever participated in any of the conferences. The board proceeded to discuss the conference agenda. Mr. Koellermeier indicated he would contact Commissioner Delphine directly to see if he would be interested in attending.

9. Non-Agenda Items

Commissioner Rhine addressed the Tigard Water Board 2007 Meeting Schedule indicating the May 28th and December 24th meetings need to be rescheduled or cancelled. Since the May 28th meeting is in the middle of the budget process, the board decided to reschedule it on May 14th and cancelled the December 24th meeting.

Commissioner Froude indicated that reelection of the board members needs to be addressed and Mr. Koellermeier indicated staff would provide the necessary information to the board members at the next meeting.

10. Set next meeting date – February 26th at 7:00 p.m., Public Works Annex, 9020 SW Burnham Street, Tigard

No discussion took place on this topic.

11. Adjournment

Commissioner George Rhine motioned to adjourn, Commissioner Janet Zeider seconded the motion, and the board voted unanimously to adjourn the meeting at 8:09 p.m.



Joy Koss, TWD Recording Secretary

Date: 4-23-2007